



Wattle Range
COUNCIL

WATTLE RANGE COUNCIL

Long-Term Financial Plan

2027-2036

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PUBLIC CONSULTATION

Council welcomed feedback and comments in relation to the Long-Term Financial Plan.

The public consultation period for the 2027 - 2036 Long-Term Financial Plan was open in accordance with Council's Community Engagement Policy from Thursday, May 21 to Monday, June 15, 2026.

There were no public submissions received throughout the consultation period; however, some minor changes were made to the 2025/26 and 2026/27 expected financial results and these minor changes have resulted in some changes to the Draft Long-Term Financial Plan as consulted. A summary of these changes is as follows:

- Updated 2025/26 projected end position resulting from inclusion of Budget Review 3 expected end position has had a flow on impact to starting figure positions for 2026/27.
- Increase in operating expenses by \$117K and decrease in income \$1K in 2026/27 following additional expenditure omitted in Draft Annual Business Plan (ABP) relating to wages, fuel and contractor costs, cleaning and waste management. Changes were advised during consultation.
- The ABP changes have increased the forecast 2026/27 Operating Deficit which has had reciprocal impact on the Balance Sheet, Cash Flow Statement, Statement of Equity, Uniform Statement of Finances and the Operating Surplus (Deficit) Ratio and Net Financial Liabilities Ratio in the 2026/27 and outer financial years.
- 2031 financial year reduction in Federal Grant Funds by \$1.97M to acknowledge the expected cessation of prepayment of grant funds, which has created an operating deficit in the 2031 financial year.
- The above change has had an impact on total borrowings required to fund the plan, increasing from \$23.4M to \$25.5M and the change has had reciprocal effects on operating deficit and surplus results and Net Financial Liabilities Ratio.

MAYOR'S MESSAGE

On behalf of Council, I present the Long-Term Financial Plan 2027 - 2036.

The purpose of this Long-Term Financial Plan (LTFP) is to express, in financial terms, the activities that the Wattle Range Council (Council) proposes to undertake over the medium to longer term to achieve its stated objectives as outlined in its Strategic Plan 2023 - 2027. It is a guide for future actions based on the longer-term impact of revenue and expenditure proposals.

Council has developed the Strategic Plan 2023 - 2027. Underpinning the success of the Strategic Plan is Council's ability to fund the various strategies and actions included within. Equally as important, the LTFP provides clarity on whether longer term commitments such as Council's Infrastructure Asset Management Plans and existing services that provide community benefit, are sustainably funded into the future.



Long-Term Financial Plans are particularly important for local governments as they are responsible for managing a high level of long-lived assets relative to their income base. A Council may have long-periods with modest levels of asset renewal requirements and then other periods when very significant expenditures are necessary. All Councils need to generate revenue in an equitable manner over time and ensure they have capacity to finance peaks in asset management and other associated costs, including by way of borrowings where necessary.

The preparation of a LTFP generates improved information to guide decisions about the mix and timing of expenditure on operating activities and additional assets and the funding implications of these.

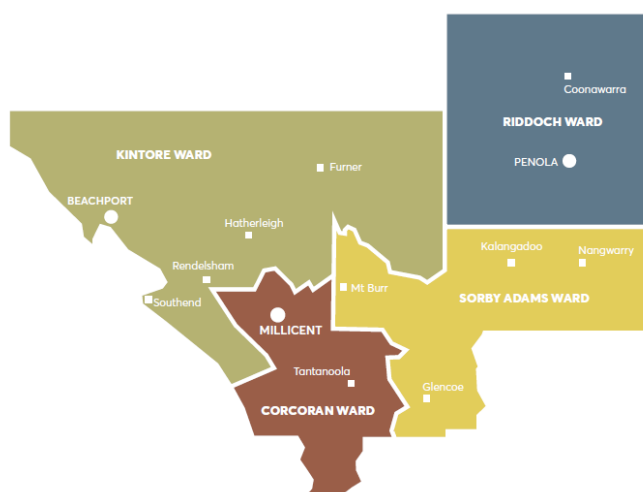
Without a soundly based LTFP, an organisation with significant asset management responsibilities is unlikely to have sufficient data to determine sustainable service levels and affordable asset stockholding strategies, appropriate revenue targets or optimal treasury management. The 2027 - 2036 Long-Term Financial Plan has been developed with this in mind.

ABOUT WATTLE RANGE

Wattle Range Council extends from the coast to the Victorian border. It incorporates the seaside towns of Beachport and Southend, extending inland to Millicent as the major service centre and easterly across to the historic town of Penola and the world-renowned wine region of Coonawarra.

The Council was formed on 1 July 1997 following the amalgamation of the former district Councils of Beachport, Millicent and Penola.

One of the most diverse and productive rural areas in South Australia, the Council comprises 13 communities, covers an area of 394,602 hectares and is home to 12,319 residents.



CEO'S SUSTAINABILITY STATEMENT

Pursuant to Section 122 (4)(a) of the *Local Government Act 1999*, the CEO is required to make a statement of the sustainability of a reviewed Long-Term Financial Plan. Within this context, I provide the following statement on the sustainability of the Wattle Range Council 2027 - 2036 Long-Term Financial Plan.

The 2027 - 2036 Long-Term Financial Plan has been prepared with linkage to Council's Strategic Plan, Infrastructure Asset Management Plans and other key strategic documents such as the 25 Year Strategic Land Use Plan.

Within the current economic climate, there are a number of headwinds that are impacting the costs and income of Council over the course of the next 10 years.

Factors such as operational costs above inflation, higher than anticipated interest rates, coupled with low unemployment, has and will continue to impact Council operations over the shorter term of the plan.

Further pressure has also been noted in the Long-Term Financial Plan surrounding the impact of working within a highly competitive labour sector. There is continued pressure on Council's costs both in attracting employees and attracting contractors that are balanced in their costing approach to Local Government Councils.

Given the above background, there are three key performance indicators that define the financial sustainability of Council being the: Operating Surplus, Net Financial Liabilities Ratio and Asset Renewal Funding Ratio. In assessing the long-term financial impact, the key financial indicators point to Council operating in a sustained manner over the life of the plan and supports the Council's current financial sustainable position, provided that the proposed financial strategy is followed.

The Operating Surplus (Deficit) Ratio projects a mix of surpluses and deficits over the first half of the plan, with sustained surpluses occurring after 2031. To enable Council to achieve this result, it is assumed that rate revenue increases will be above CPI until 2031, and cost savings through improved service delivery will be required to achieve this break-even position.

Net Financial Liabilities Ratio is a measure of Council's indebtedness, where it is anticipated that loans will be drawn down throughout the life of the plan to fund major capital projects that are new in nature. These include the proposed construction of the Millicent Depot upgrade, Beachport Waste Transfer Station, realignment of the Scenic Drive in Beachport, Millicent Swimming Lake refurbishment, the Penola and Millicent Streetscaping projects, and Coastal Revetment works on Groynes within Rivoli Bay. With expected borrowings of \$26.7 Million and expected repayments of loans of \$25.0 Million, the Net Financial Liabilities Ratio will increase to 35% in 2029 before declining to 15% by 2036. In assessment of these results, Council's debt levels are deemed moderate and sustainable in the short and longer term.

Asset Renewal Funding Ratio is a financial indicator of whether Council is renewing its existing assets in a timely manner. For the course of the plan, the average is 128% for the life of the plan which is above the target range of 80% - 110%. This indicates that Council is renewing assets at a rate that is greater than what was originally forecasted, but positively, Council is addressing immediate asset issues that were not foreseen in the infrastructure Asset Management Plans.

Based on the above assessments, the Long-Term Financial Plan 2027 - 2036 delivers a sustainable outlook for Council over the term of the plan.



ELECTED MEMBERS

Wattle Range Council comprises a Mayor and 11 Councillors representative of four Wards. The Council is elected for a four year term and meets on a monthly basis.



DES NOLL

MAYOR



CR. JOHN DREW



CR. PETER DUNNICLIFF



CR. DENNIS MUHOVICS

CORCORAN WARD



CR. JOHN SHELTON



CR. DAVID WALSHAW

CORCORAN WARD



CR. RICHARD CASSIDY



CR. SHARON COX

KINTORE WARD



CR. CHRIS BRODIE



CR. EMMA CASTINE

RIDDOCH WARD



CR. DEB AGNEW



CR. DALE PRICE

SORBY ADAMS WARD

STRATEGIC PLANNING FRAMEWORK

VISION

Wattle Range a great place to live and work

VALUES



Trust

Trust is the glue that binds us all together as a community. Doing what we say we're going to do, being honest, transparent and accountable helps build trusted relationships. When we trust each other and our leaders, we feel supported to share ideas, take risks and work together toward common goals. This leads to higher productivity, job satisfaction and the overall success of the organisation.



Teamwork

We support each other by working as a team, listening to all ideas and making sure everyone feels included and respected. By combining our strengths and experience we create a stronger team and deliver better outcomes. We work better when we are a valued member of a team. A strong team is confident, fun and productive. We become more resilient when we know that someone has our back, and we are more likely to cope under stressful or difficult circumstances. Thinking beyond our individual teams to how we work side-by-side as a whole organisation, we bring our people together, sharing common values, and creating a strong sense of community.



Fun

Fun helps break down barriers, builds stronger teams and strengthens relationships. Finding enjoyment in what we do and the people we do it with is powerful. We recognise and celebrate our wins encouraging positive behaviours and wellbeing. Fun creates opportunities for us to connect through interactions, activities and everyday work.



Connection

A shared commitment to serving our community is at the heart of everything we do. As a team, we are part of our broader community and are listening to what is being said. Our connection to the community supports us to make Wattle Range a great place to live and work. We take pride in our work and strive to make a difference in our community. Connection helps build a positive workplace where everyone feels they belong and have a purpose.

COUNCIL'S STRATEGIC PLAN

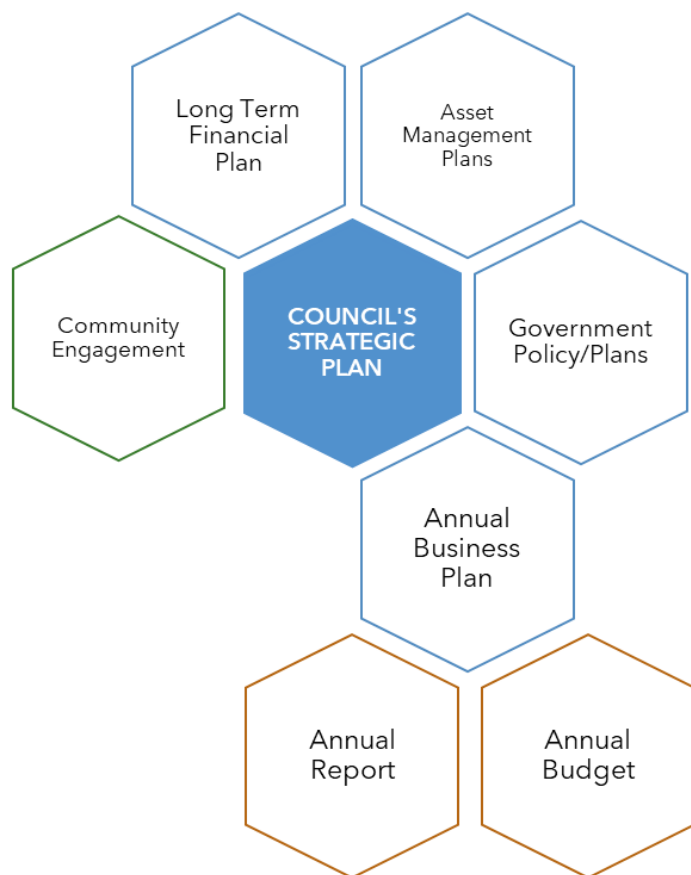
Council's Strategic Plan is a core document for guiding Council's future direction. The plan takes into consideration Council's strategic planning framework and both the communities' priorities and external considerations such as the State Strategic Plan. As detailed under Section 122 of the *Local Government Act 1999*, Council's Strategic Plan covers a period of 4 years from 2023-2027.

The 2023-2027 Strategic Plan focuses on four key themes and objectives:



The Wattle Range Council Strategic Plan forms an integral part of Council's 'planning framework'. The Council Strategic Plan integrates the future asset management requirements for Council, whilst integrating external priorities recognised from community engagement, local township and state government plans.

The Long-Term Financial Plan (LTFP) also forms an integral part of the strategic planning framework. The LTFP acts as the mechanism for determining whether the actions in the asset management plans and the strategies and actions within the Strategic Plan are affordable and sustainable into the future.



KEY PROJECTS

There are a number of key projects / strategies and priorities that Council has included in its Strategic Plan and have been included within this LTFP for the purposes of assessing the long-term financial sustainability of these projects / strategies including:

- Continued investment into asset renewals for major asset categories such as roads, buildings, footpaths, kerb & gutter, stormwater and community wastewater management scheme assets.
- Stronger collaboration with State Government for the renewal of State Government Roads within the Council area, including the Southern Ports Highway reconstruction.
- Address the coastal erosion issues in Beachport through the re-alignment of the Scenic Drive.
- Relocation and construction of a new waste transfer station in Beachport.
- Continuation of coastal revetment work, including replacement of groynes in conjunction with the State Government in alignment with the priorities within the Rivoli Bay Study.
- Review and implementation of the Stormwater Management Plan for Penola.
- Main Street streetscaping projects for both Millicent and Penola.
- Construction of a new Childcare Centre,
- Refurbishment of the Millicent Swimming Lake and Penola Swimming Pool.
- Implementation of priorities from the Climate Change action plan such as:
 - Conversion of Council's light vehicle to electric and/or hybrid.
 - Retrofit street lighting to LED.
 - Installation of green energy generation and storage infrastructure on Council assets.
- Refurbishment of the Penola and Beachport Visitor Information Centres.
- Implementation of priorities from Council's Disability Access and Inclusion Plan.
- Implementation of the 25-year Strategic Land use Plan, including undertaking Code Amendments to progress development and re-zoning of lands in the district.
- Continuing development and improvement of Asset Management Plans for all asset categories.

FINANCIAL INFLUENCES & CHALLENGES

In determining the assumptions within the LTFP, there are a number of financial influences that have been considered including:

- Increased investment into building and structure asset replacements in order to maintain the health of these assets across the Council area.
- Controlling costs in an environment where cost increases are increasing above CPI such as:
 - Energy and other utility costs
 - Waste management
- Adverse global, political and economic conditions coupled with anticipated inflationary and interest rate pressures.
- Managing ongoing cost shifting and change in policy from the State Government to Local Government such as:
 - Essential Services Commission of South Australia (ESCOSA) to review Council's long-term financial sustainability.
 - AED (Automated External Defibrillator) change in legislation to mandate installation and maintenance of devices on Council facilities.
 - Historical increases in the Solid Waste Levy (a levy imposed on the disposal of waste).
 - The transfer of Housing SA - Community Housing stock to a private entity. This transfer resulted in a financial impact to ratepayers of \$96K ongoing, with the granting of a 75% mandatory rebate of rates.
 - Management and administration for the Limestone Coast Landscape Levy (state tax).
- Low unemployment, creating recruitment and retention issues with staff which is impacting on delivery of services.
- Balancing community expectation of new assets and services whilst providing sufficient funding to renew existing assets and maintain current services to meet community needs.
- Funding new and upgraded community infrastructure (roads, buildings, kerbing & guttering, drains, footpaths etc.) to address demands of a changing community.
- Maintaining equity in Council rates and charges in an environment of fluctuating property valuations and balancing the increases in rates across the ratepayer base at an acceptable level.

KEY ASSUMPTIONS

The following assumptions have been built into the forecast calculations:

- The content of the LTFP is based on the objectives, strategies and actions included within Council's Strategic Plan 2023 – 2027.
- The LTFP financial results are based on Council's forecast 3rd Quarter 2026 financial results.
- The 2026/27 financial estimates have the known budget impacts for the 2026/27 annual budget included at the date of publishing.
- Financial Indicator Targets assumptions –
 - (Operating Surplus Ratio – Surplus Ratio between 0% - 10%)
 - (Net Financial Liabilities Ratio – Between 0% - 100%)
 - (Asset Renewal Funding Ratio – Between 80% - 110%)
- Adelaide Consumer Price Index (CPI) March quarter 2026, (4.9%) has been used as the basis of cost and income escalations in the first year of the plan. In years 2 – 10 the Reserve Bank Australia (RBA) May 2026 forward forecasts are used. Year 2 (2.4%) and Year 3 -10 (2.5%) is utilised based on the RBA's expectation that inflation will return to between 2%-3% over the longer term.
- Consideration of the recommendations from the recent Local Government Advice Scheme report from the Essential Services Commission of South Australia (ESCOSA).
- General rates revenue and (discretionary / mandatory) rate rebate will increase - Year 1 in line with Adelaide CPI (4.9%), Year 2 (2.4%), Year 3 – 10 (2.5%).
- Growth from new rating assessments is assumed to be 0.28% in 2027 and 0.25% annually 2028 – 2036 or 20 new properties created.
- In addition to the CPI and growth increases in rates, a rating sustainability indexation of 2% has been assumed to apply from 2027- 2030, before decreasing to 1% in 2031 and phased out from 2032.
- Service Charges – Community Wastewater Management Schemes (CWMS) & Waste Management Collection Charges are assumed to increase by the CPI annually.
- Limestone Coast Landscape Levy is assumed to escalate by CPI annually.
- User Charges increase in income forecast in 2027 to complete Southern Ports Highway and further works assumed to be completed in 2028 and 2030.
- Statutory Charges, Other Income and Reimbursement are all assumed to increase by the CPI annually.
- Grants Commission – Federal Assisted Grants assume prepayment of grants will cease in 2031 and remaining years assumed to be paid in the correct financial year and indexed annually by CPI.
- Supplementary Local Roads grant funds (included as part of Federal Assisted Grants) are assumed to continue and are indexed annually.
- Roads to Recovery funding assumed to continue, indexed and evenly distributed every 5 years (2030 and 2035).
- Special Local Roads Grants assumed to be successful every two years in obtaining grant funds for road projects.
- Investment Income assumed interest collected will be calculated by the 10-year bond rate equivalent interest rate and cash amounts held will be minimal for the life of the plan.
- Employee Costs are fixed to negotiated Enterprise Bargaining Agreements currently based on the National Wage Case annual increase, assumed to be on average 0.4% above CPI for the life of the plan.
- Assumption of an initial increase in staff contracted through 2027, 2028 and 2030 financial years for completion of the road reconstruction of the Southern Ports Highway and other assumed projects. In addition, it is assumed that Council will continue to manage the SOTP for the course of the plan. With these exceptions no further increases in employees are anticipated from Years 1 – 10, unless legislative changes or cost shifting from other government agencies requires the addition of employees.
- Superannuation Guarantee Charge 12% (2026). No further increases after 2026 assumed.
- Assume increased costs due to Local Government Election costs increasing every 4 years (2027, 2031 & 2035).
- Other expenditure costs include assumed increase in contractors, material and plant operation costs to complete the Southern Ports Highway Project and other assumed similar projects in 2027, 2028 and 2030. Increase in operational costs of the SOTP for the life of the plan following the continued insourcing of the

management of the SOTP. All other costs to increase in line with CPI apart from; energy costs assume 10% increase offset by savings in new solar implementations, fuel costs to increase by 30% in 2027 and decline slightly due to uptake of hybrid vehicles and declining fuel prices.

- Depreciation – escalations based on new assets.
- Interest expenses assume to increase upon requirement for loans to fund major capital projects. Interest assumed to be based on the Bond Yield Rates. Interest is assumed to increase over the 10-year period. Year 1 (5.90%), Year 2 (5.60%), Year 3 (5.40%), Year 4 (5.20%), Year 5 (5.30%), Year 6 (5.40%), Year 7 (5.50%), Year 8 (5.60%), Year 9 (5.70%), Year 10 (5.80%).
- Loans drawn down are assumed to be Cash Advance Debentures (CAD) allowing for Council to pay back funds and drawdown funds more flexibly when increased cash is available and minimising interest payments.
- Capital expenditure will be based on the existing adopted Infrastructure Asset Management Plans, including increased funding for building and structure assets in order to maintain the overall health of this asset base.
- New assets will be constructed over the life of the plan however, renewing existing assets over the planning period will be prioritised.
- Major Capital Projects –
 - Coastal revetment works on groynes - Assume matching grant from Coastal Protection Board on an 80% funded basis.
 - Coastal Protection works – Scenic Drive assume 50% funded by Federal Government Building Better Regions.
 - Streetscaping Projects – Assume 50% funded by Open Spaces and Places for People grant.
 - Millicent Swimming Lake – Assume 50% funded by Federal Grant.
 - Millicent Childcare Centre – Assume 50% funded by Grant or Private Partner.
 - Special Local Roads Program – Assume successful applications made for Crusher Road and assumption of further funding every two years.

FINANCIAL STRATEGY

The LTFP projects a continuing steady performance in Council's financial position and performance over the life of the plan. This is based on an achievement of the financial strategy described below. It is anticipated that general rates will increase by 2% (sustainability indexation) above CPI plus growth for the financial years from 2027- 2030, and 1% (sustainability indexation) above CPI plus growth in 2031 before returning to CPI plus growth increases in 2032 and beyond. This increase in rates of over and above CPI is required to address prior years rating increases that averaged below CPI and to fund the addition of a range of new assets



Council's current average rating levels are consistent with other similar sized rural and regional Councils in South Australia. However, following the Essential Services Commission of South Australia (ESCOSA) review of Council's LTFP, Council has and will continue to review the rating differential between Primary Production and Residential to re-baseline the rating distribution.

Community Wastewater Management Schemes (CWMS) service charges are anticipated to increase in line with the CPI assumptions. A review of the charges will be undertaken following the adoption of the CWMS Costing Principles and in conjunction with the updated CWMS Asset Management Plan.

Waste Collection Service Charge is anticipated to increase by CPI assumptions; however, the waste collection contract is set for renewal during the timeframe of this plan and no assumptions have been made as to pricing of the service at this time.

Services provided by Council will be reviewed through the course of the plan. Cost pressures related to delivery of some services will be assessed and rationalised for efficiency and to reduce financial impact to ratepayers and Council resource allocation.

Council recognises the need to maintain its financial capacity to address the increased investment requirements of townships and maximise their long-term sustainability. Council will strive to replace assets in a strategic manner with the aim of minimising the necessity to build any major new additional assets over the next 10 years. By committing to this strategy, Council will be allocating resources to replace existing assets in a timely manner as well as minimising any increases in operating costs associated with additional assets.

Council also recognises that not all assets need to be retained and can be either surplus to requirements and/or are not aligned to Council's core operations. Council will seek to rationalise these assets throughout the course of this plan.

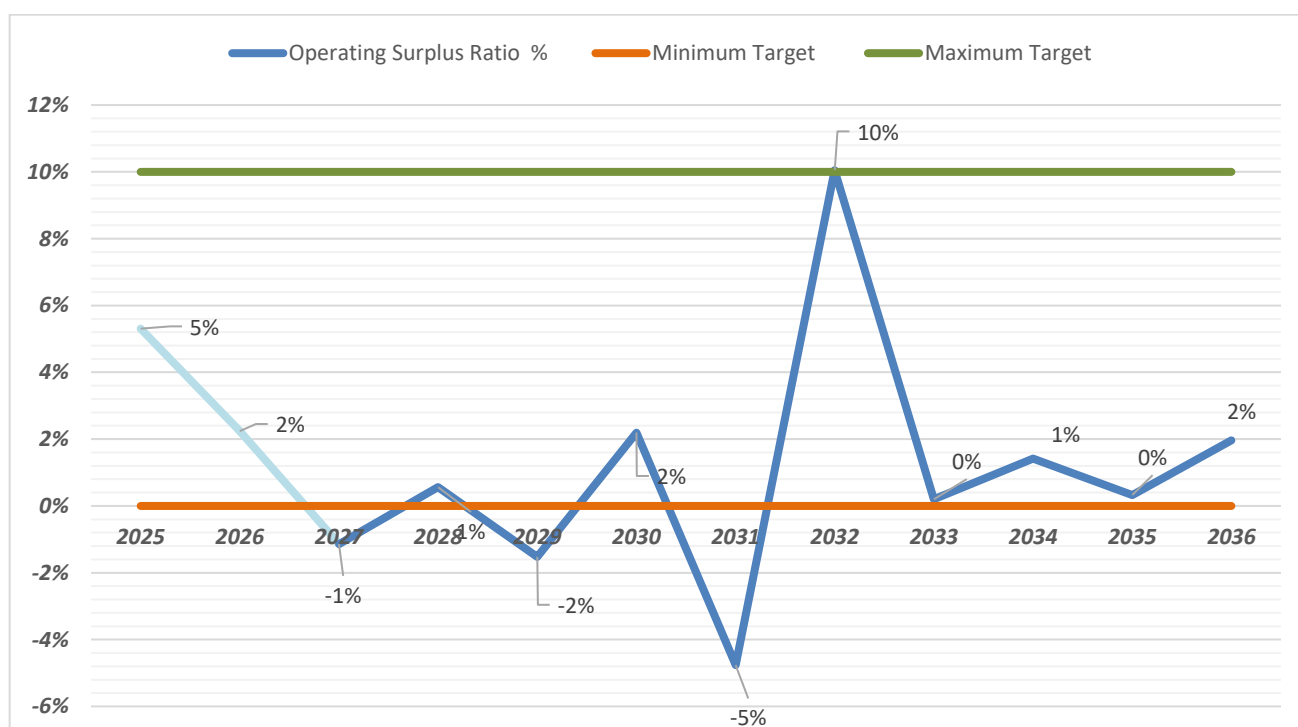
Grant revenue will be targeted in a proactive and strategic manner. This means that grant revenue to build new assets would only be pursued and accepted if the new assets were deemed to be of economic benefit and a community necessity.

Where an operating grant is sought and additional Council funds are required to be contributed, then careful consideration will be given to long-run benefits and costs. This will ensure activities that may better fit Council's strategic objectives are not being delayed in lieu of the activity being funded by the grant.

Council is focussed on returning to and maintaining an Operating Surplus (Deficit) back to break-even or better to secure the ongoing financial sustainability of Council and maintaining the Net Financial Liabilities and Asset Renewal Funding Ratio within the target ranges set.

LONG-TERM FINANCIAL SUSTAINABILITY - KEY FINANCIAL INDICATORS

Indicator 1 - Operating Surplus Ratio



Definition:

The operating surplus ratio expresses the operating surplus (deficit) as a percentage of operating revenue.

Calculated as: (Operating revenue minus operating expense) divided by operating revenue.

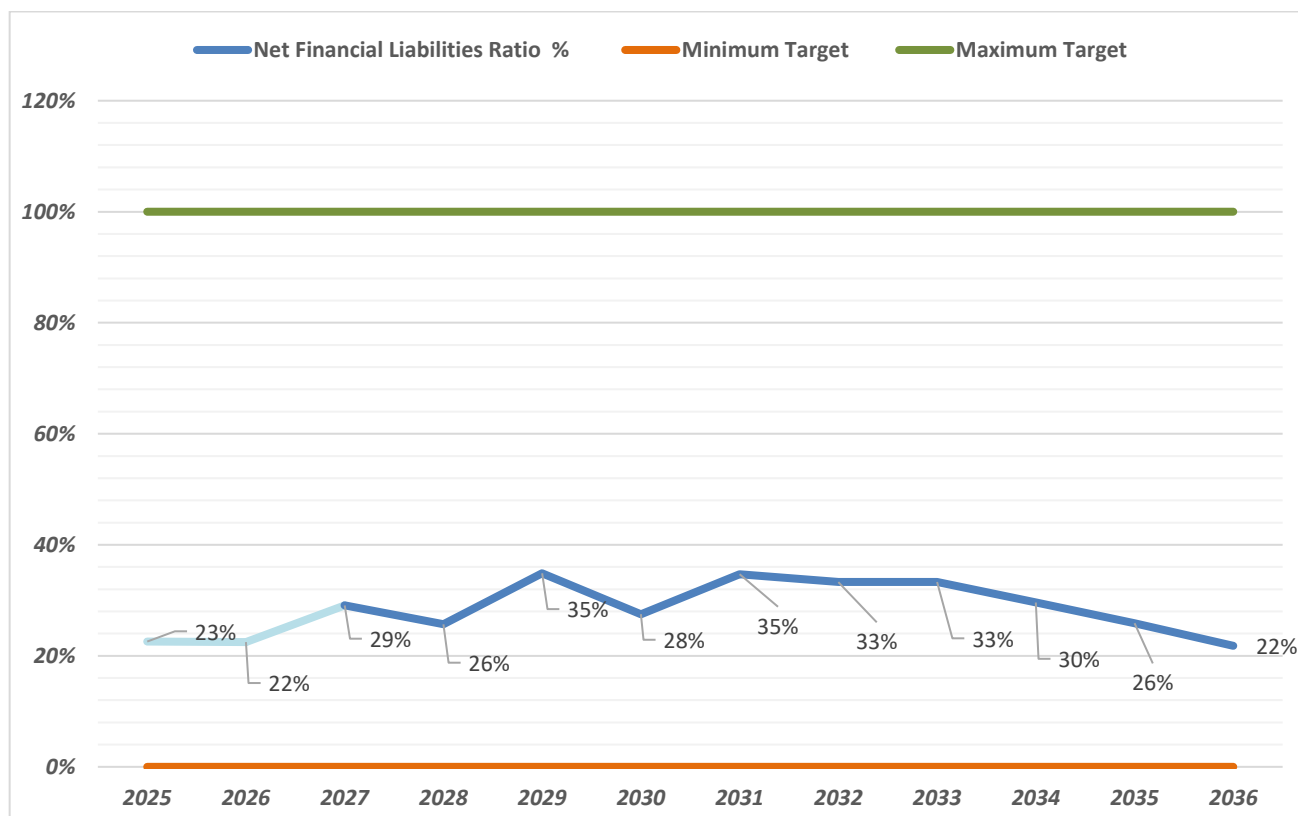
Analysis based on LTFP forecasts:

The target ranges allow for the planned financial strategies discussed earlier in this document to be implemented and to take effect.

Please note that it is generally accepted across the Local Government sector that appropriate level of operating surplus should range from between 0% to 10%.

It is important for Council to achieve a surplus position over the life of the plan as periods of continuous operating deficits over a medium to long-term would require increased borrowings to be raised to accommodate asset renewal when required. Based on the life of the plan in the majority of forward years, a better than break even result is forecast.

Indicator 2 – Net Financial Liabilities Ratio



Definition:

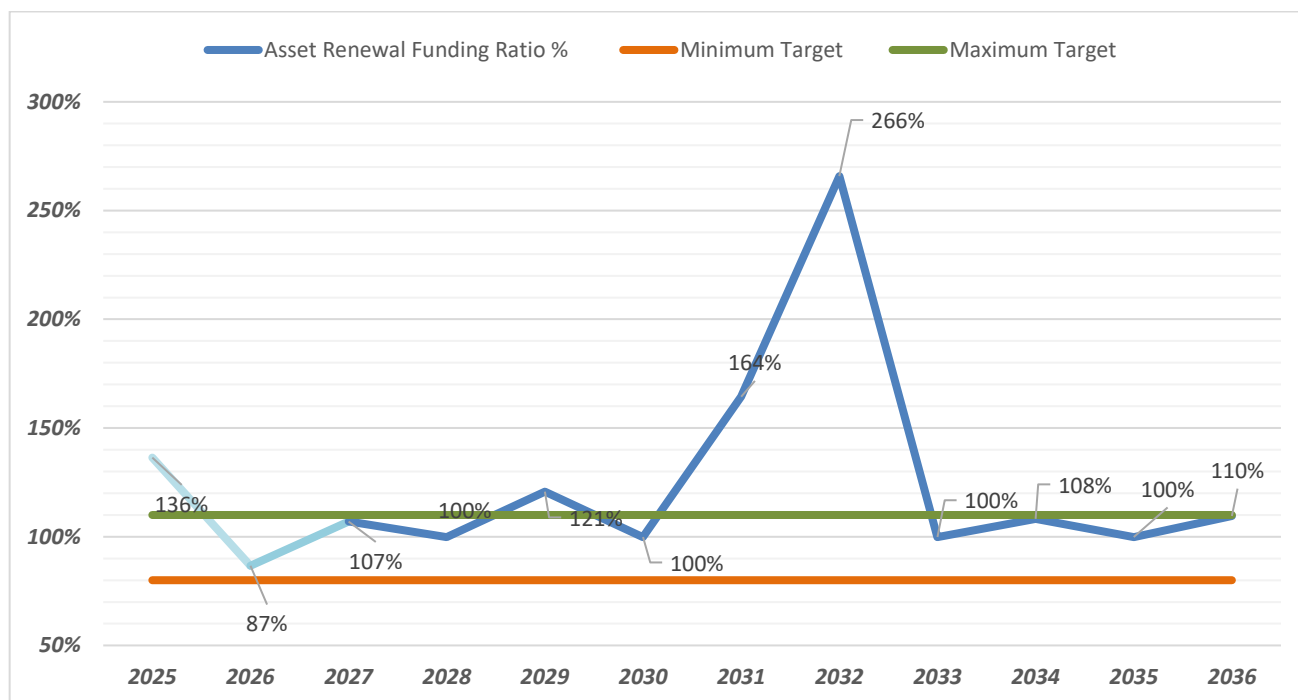
Net Financial Liabilities Ratio is a comprehensive measure of the indebtedness of the Council as it includes items such as employee long-service leave entitlements and other amounts payable as well as taking account of the level of Council's available cash and investments. Specifically, Net Financial Liabilities equals total liabilities less financial assets, where financial assets for this purpose includes cash, cash equivalents, trade and other receivables, and other financial assets; but excludes equity held in Council businesses, inventories and land held for resale.

Analysis based on LTFP forecasts:

It is generally accepted across the Local Government sector that appropriate level of Net Financial Liabilities should range from between 0% to 100% of operating revenue. Councils with sound projected financial performance could operate satisfactorily with higher Net Financial Liabilities if needed (e.g. to finance assets associated with rapid growth or generation of future income).

Based on the implementation of the financial strategies outlined earlier in this document, the forecast Net Financial Liabilities Ratio will remain within the target range of 0% to 100% throughout the planning period.

Indicator 3 – Asset Renewal Funding Ratio



Definition:

This ratio indicates the extent to which existing non-financial assets are being renewed and replaced, compared with what is needed to cost-effectively maintain service levels. It is calculated by measuring capital expenditure on renewal or replacement of assets, relative to the optimal level of such expenditure proposed in a Council's Infrastructure Asset Management Plan (IAMP). Where asset categories have no IAMP the annual depreciation amount will be utilised as a surrogate for the optimal capital replacement expenditure.

Analysis based on LTFP forecasts:

For the purposes of the calculation of the Asset Renewal Funding Ratio, if capital expenditure on renewing or replacing existing assets is at least equal to the level proposed in the IAMP, then a Council is ensuring optimal timing of replacement of physical assets to maintain service levels. Any material underspending on renewal and replacement over the medium term is likely to adversely impact on the achievement of preferred, affordable service levels and could potentially, progressively undermine a Council's financial sustainability.

To ensure the amounts outlined in the IAMPs are contemporary, a schedule of reviews of the IAMP's has been developed for the following asset categories: Roads, Buildings & Structures, Kerb & Gutter, Footpaths, Stormwater, Community Wastewater Management Schemes and Plant and Equipment.

For the life of this plan, it is forecast that Council will maintain in the majority an asset renewal funding level of between 80% - 110%. There are two outlying years where the forecast renewal amount will be in excess of the 110%. These are attributed to larger renewal projects for the replacement childcare building and refurbishment of the Millicent Swimming Lake which are reliant on external funding opportunities to progress.

Summary of Council's Long-Term Sustainability

The above key financial indicators point to Council operating in a sustained manner over the life of the plan and supports the Council's current financial sustainable position, provided that the proposed financial strategy or similar is followed.

Whilst there are operating deficits forecast in the first half of the Plan, in the majority of the plan a break-even or better financial position is expected to be achieved in most years. To enable Council to achieve this result, it is assumed that rate revenue increases above CPI coupled with cost savings through improved service delivery efficiencies will achieve this break-even position.

Council will seek to reduce costs where and when necessary, through the review of employee positions, review of services provided and the assessment of its stock of assets, to minimise impacts on ratepayers over the life of the plan.

In relation to debt, Council anticipates that there will be a requirement for new borrowings to fund major capital projects. It is anticipated that a total of \$25.5 Million will be required to be drawn down between 2027 – 2036 in order to fund significant construction works such as the realignment of the Scenic Drive in Beachport, the Beachport Waste Transfer Station, Millicent Swimming Lake, groyne and coastal revetment works at Rivoli Bay, and Streetscaping projects in Penola and Millicent.

As these significant works are completed, debt levels are expected to peak in 2029 at 35%, which is well within Council's minimum and maximum target ranges of 0% - 100%, meaning Council will still have capacity to borrow with the overall Net Financial Liabilities Ratio reducing to 22% by 2036. Whilst this level of debt is conservative in nature, it does provide Council with financial scope to undertake larger capital projects if the opportunity arises in the future.

The Asset Renewal Funding Ratio will improve over the course of the plan. The average over the life of the plan is 128% which is above the target range of 80% - 110%. The Increased expenditure on renewing assets above the desired range is necessary to address a backlog in asset renewal. This, however indicates that Council is renewing assets at a rate that is greater than what was originally forecasted, but positively, Council is addressing immediate asset issues that were not foreseen in the Infrastructure Asset Management Plans but will be addressed in the next update of these documents.

Uniform Presentation of Financial Statement (UPFS)

The UPFS in tandem with the above results of the Key Financial Indicators provides a strategic summarised report of Council's finances. In assessing the future impact of undertaking the strategic initiatives and capital projects set by Council, the following are the forecasted impacts to the UPFS;

- The Operating Surplus / (Deficit) measure is considered the most critical indicator of a Council's financial performance. Over the course of the plan's life, an average of \$488K operating surplus is forecast. Over the life of the plan, there are small surpluses forecast to occur in the majority of years with three deficit years occurring in 2027, 2029 and 2031 financial years. In 2027, Council will finalise the road reconstruction of the Southern Ports Highway with further works assumed to occur in 2029 and 2031. In 2031 it has been anticipated that the prepayment of the Federal Assisted Grants will cease which will impact materially the funds received in this year.
- Net Outlays on Existing Assets are set to consistently average \$1.07M for the life of the plan. Council forecasts to expend on average \$7.57M annually on renewing Council's existing assets. In comparison, Council's depreciation amount over the same period is on average \$7.86M, or 96% when expressed as a percentage. The renewal expenditure comparison to depreciation is an alternate calculation to the Asset Renewal Funding Ratio. The 96% result falls within Council's accepted range for the Asset Renewal Funding Ratio of between 80% - 110%.
- Net Outlays on New & Upgraded Assets are set to increase in the short term and on average expenditure on new or upgraded assets will remain over \$1.8M per annum for the life of the plan. It is recognised that any increase in expenditure on new and upgraded assets creates additional pressure on Council's ability to renew assets in the future when they are required to be renewed, without a corresponding increase in revenue through a combination of grants and rates.

The Net Lending / (Borrowing) total, when in a positive balance in any given year, indicates that Council has met all of its expenditure (both operating and capital) from the current year's income inclusive of amounts received specifically for new / upgraded assets. It is expected that in the majority of the forward Plan years, forecast balances will be positive.

In summary, based on the expected levels of capital expenditure and Council's operating position over the life of the plan, it is envisaged that further loan borrowings will be required to fund the major capital projects over the life of the Plan. With moderate debt levels forecast, Council does have financial capacity to fund the necessary capital renewals at a progressive rate and in line with its IAMP's and in a sustainable manner.

Uniform Presentation of Finances	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income												
Rating Revenue	23,758	24,809	26,439	27,561	28,698	29,884	30,876	31,648	32,439	33,250	34,081	34,933
Statutory Charges	349	389	370	379	388	398	408	418	429	439	450	462
User Charges	3,022	12,230	6,124	8,667	3,758	8,852	3,947	4,046	4,146	4,250	4,356	4,464
Grants Revenue - Operating	8,699	5,278	5,386	6,086	5,597	6,207	3,953	6,394	6,115	6,640	6,473	7,004
Grants Revenue - Capital	-	477	1,440	-	-	-	-	4,400	-	-	-	-
Investment Income	191	20	3	22	22	22	22	22	23	23	23	23
Reimbursements	465	116	74	76	78	80	82	84	86	88	90	92
Other	426	347	275	282	289	296	303	311	319	326	335	343
Total Income	36,910	43,666	40,111	43,071	38,829	45,738	39,591	47,322	43,556	45,016	45,808	47,321
Expenses												
Employee Costs	14,117	16,326	16,300	17,105	16,254	18,079	17,257	17,761	18,280	18,813	19,363	19,928
Materials, Contractual Services & Other	13,104	18,147	16,179	17,494	14,851	18,302	15,903	16,445	16,789	17,191	17,965	18,184
Depreciation	7,459	7,875	7,775	7,789	7,844	7,861	7,865	7,869	7,878	7,908	7,934	7,961
Finance Charges	271	340	313	442	470	490	451	492	523	465	396	316
Total Expenses	34,951	42,688	40,567	42,829	39,420	44,733	41,476	42,567	43,469	44,377	45,658	46,390
Operating Surplus/(Deficit)	1,959	978	(456)	242	(591)	1,005	(1,885)	4,755	87	639	150	931
Net Timing adjustment for General Purpose Grant Funding	(1,971)	-	-	-	-	-	1,971	-	-	-	-	-
Less Grants Revenue - Capital	(595)	(477)	(1,440)	-	-	-	-	(4,400)	-	-	-	-
Adjusted Operating Surplus/(Deficit)	(607)	501	(1,896)	242	(591)	1,005	86	355	87	639	150	931
Net Outlays on Existing Assets												
Capital Expenditure on Renewal or Replacement of Existing Assets	(6,282)	(5,837)	(6,996)	(6,244)	(7,231)	(6,536)	(8,914)	(14,454)	(6,644)	(6,376)	(5,863)	(6,446)
Add back Depreciation, Amortisation & Impairment	7,459	7,875	7,775	7,789	7,844	7,861	7,865	7,869	7,878	7,908	7,934	7,961
Add back Grants Revenue - Capital Renewal	-	477	1,440	-	-	-	-	4,400	-	-	-	-
Add Back Proceeds from Sale of Replaced Assets	203	217	155	115	274	216	199	40	323	301	184	66
Net Outlays on Existing Assets	1,380	2,731	2,374	1,660	887	1,541	(851)	(2,145)	1,556	1,833	2,255	1,580
LESS: Net Outlays on New or Upgraded Assets												
Capital Expenditure on New/Upgraded Assets	(10,265)	(5,691)	(2,248)	(1,275)	(5,452)	(1,732)	(365)	(435)	(615)	(2,232)	(1,865)	(1,932)
Add back Grants Revenue - Capital New/ Upgraded	-	-	-	-	-	-	-	-	-	-	-	-
Add back Amounts Specifically for New/Upgraded Assets	595	334	-	-	2,500	-	1,750	-	-	750	750	750
Add back Proceeds from Sale of Surplus Assets	-	172	-	200	200	200	200	200	200	200	200	200
Net Outlays on New or Upgraded Assets	(9,670)	(5,185)	(2,248)	(1,075)	(2,752)	(1,532)	1,585	(235)	(415)	(1,282)	(915)	(982)
Net Lending / (Borrowing) for Financial Year	(8,897)	(1,952)	(1,770)	827	(2,456)	1,015	820	(2,025)	1,228	1,190	1,490	1,530

Appendix A – Financial Statements

Comprehensive Income Statement

COMPREHENSIVE INCOME STATEMENT	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
	\$(‘000)	\$(‘000)	\$(‘000)	\$(‘000)	\$(‘000)	\$(‘000)	\$(‘000)	\$(‘000)	\$(‘000)	\$(‘000)	\$(‘000)	\$(‘000)
Operating Revenue												
<i>Rating Revenue</i>	23,758	24,809	26,439	27,561	28,698	29,884	30,876	31,648	32,439	33,250	34,081	34,933
<i>Statutory Charges</i>	349	389	370	379	388	398	408	418	429	439	450	462
<i>User Charges</i>	3,022	12,230	6,124	8,667	3,758	8,852	3,947	4,046	4,146	4,250	4,356	4,464
<i>Grants Revenue - Operating</i>	8,699	5,278	5,386	6,086	5,597	6,207	3,953	6,394	6,115	6,640	6,473	7,004
<i>Grants Revenue - Capital</i>	-	477	1,440	-	-	-	-	4,400	-	-	-	-
<i>Investment Income</i>	191	20	3	22	22	22	22	22	23	23	23	23
<i>Reimbursements</i>	465	116	74	76	78	80	82	84	86	88	90	92
<i>Other</i>	426	347	275	282	289	296	303	311	319	326	335	343
Total Operating Revenue	36,910	43,666	40,111	43,071	38,829	45,738	39,591	47,322	43,556	45,016	45,808	47,321
Operating Expenses												
<i>Employee Costs</i>	14,117	16,326	16,300	17,105	16,254	18,079	17,257	17,761	18,280	18,813	19,363	19,928
<i>Materials, Contractual Services & Other</i>	13,104	18,147	16,179	17,494	14,851	18,302	15,903	16,445	16,789	17,191	17,965	18,184
<i>Depreciation</i>	7,459	7,875	7,775	7,789	7,844	7,861	7,865	7,869	7,878	7,908	7,934	7,961
<i>Finance Charges</i>	271	340	313	442	470	490	451	492	523	465	396	316
Total Operating Expenses	34,951	42,688	40,568	42,829	39,420	44,733	41,476	42,567	43,469	44,377	45,658	46,390
Operating Surplus / (Deficit)	1,959	978	(456)	242	(591)	1,005	(1,885)	4,755	87	639	150	931
<i>Physical Resources Free of Charge</i>	271	-	-	-	-	-	-	-	-	-	-	-
<i>Amounts specifically for new or upgraded assets</i>	-	334	-	-	2,500	-	1,750	-	-	750	750	750
<i>Asset disposal & fair value adjustments</i>	(1,144)	137	30	(195)	(200)	(205)	(210)	(215)	(220)	(225)	(230)	(235)
Net Surplus / (Deficit)	1,086	1,449	(426)	47	1,709	800	(345)	4,540	(133)	1,164	670	1,446
<i>Other Comprehensive Income</i>	39,567	-	-	-	2,000	1,000	500	-	2,000	1,000	500	-
Total Comprehensive Income	40,653	1,449	(426)	47	3,709	1,800	155	4,540	1,867	2,164	1,170	1,446

Balance Sheet

STATEMENT OF FINANCIAL PERFORMANCE	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
ASSETS												
Current Assets												
Cash and Cash Equivalents	1,295	866	57	170	473	733	311	499	924	791	788	326
Current Trade & Other Receivables	5,838	1,500	1,070	1,429	1,464	1,525	1,585	1,632	1,448	1,395	1,628	1,558
Inventories	706	420	376	597	622	679	685	671	652	668	685	678
Total Current Assets	7,839	2,786	1,503	2,195	2,559	2,937	2,581	2,802	3,023	2,854	3,101	2,561
Non Current Assets												
Loans to Community Organisations	102	95	87	79	71	63	54	46	37	28	19	10
Infrastructure, Property, Plant & Equipment	304,886	308,103	309,572	308,792	314,957	315,743	317,048	323,613	324,252	325,226	324,906	324,823
Total Non Current Assets	304,988	308,198	309,659	308,871	315,028	315,806	317,102	323,659	324,289	325,254	324,925	324,833
Total Assets	312,827	310,984	311,162	311,067	317,588	318,743	319,684	326,461	327,312	328,108	328,026	327,394
LIABILITIES												
Current Liabilities												
Trade & Other Payables	8,196	1,953	1,495	2,176	2,745	2,964	4,370	4,896	5,056	4,772	4,795	3,958
Borrowings	2,084	222	222	3,249	3,263	3,279	3,295	3,312	3,331	3,000	3,500	1,750
Provisions	2,813	2,865	2,750	2,816	2,886	3,034	3,245	3,327	3,410	3,495	3,582	3,672
Total Current Liabilities	13,093	5,040	4,467	8,241	8,894	9,277	10,910	11,534	11,797	11,267	11,877	9,380
Non-Current Liabilities												
Borrowings	2,185	6,960	8,135	4,049	6,197	5,007	4,045	5,640	4,342	3,484	1,602	2,002
Provisions	288	275	275	445	456	618	733	751	770	789	809	829
Total Non Current Liabilities	2,473	7,234	8,410	4,494	6,653	5,624	4,778	6,391	5,112	4,274	2,411	2,831
Total Liabilities	15,566	12,274	12,877	12,735	15,547	14,901	15,688	17,926	16,909	15,541	14,289	12,211
Net Assets	297,261	298,710	298,285	298,331	302,041	303,841	303,996	308,536	310,403	312,567	313,737	315,183
EQUITY												
Accumulated Surplus	59,291	60,910	60,119	60,120	61,770	62,420	61,723	66,059	65,867	66,936	67,525	68,918
Asset Revaluation Reserves	234,629	234,629	234,629	234,629	236,629	237,629	238,129	238,129	240,129	241,129	241,629	241,629
Other Reserves	3,341	3,171	3,536	3,582	3,641	3,793	4,144	4,348	4,407	4,502	4,583	4,636
Total Equity	297,261	298,710	298,285	298,331	302,041	303,841	303,996	308,536	310,403	312,567	313,737	315,183

Cash Flow Statement

CASHFLOW STATEMENT	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES												
<i>Receipts</i>												
Rating Revenue	23,550	24,809	26,439	27,561	28,698	29,884	30,876	31,648	32,439	33,250	34,081	34,933
Statutory Charges	349	389	370	379	388	398	408	418	429	439	450	462
User Charges	3,022	12,230	6,124	8,667	3,758	8,852	3,947	4,046	4,146	4,250	4,356	4,464
Grants Revenue - Operating	8,104	5,278	5,386	6,086	5,597	6,207	3,953	6,394	6,115	6,640	6,473	7,004
Grants Revenue - Capital	-	477	1,440	-	-	-	-	4,400	-	-	-	-
Reimbursements	465	116	74	76	78	80	82	84	86	88	90	92
Other	1,434	347	275	282	289	296	303	311	319	326	335	343
Investment Receipts	191	20	3	22	22	22	22	22	23	23	23	23
<i>Payments</i>												
Employee Costs	14,096	16,326	16,300	17,105	16,254	18,079	17,257	17,761	18,280	18,813	19,363	19,928
Materials, contracts & other expenses	13,171	18,147	16,179	17,494	14,851	18,302	15,903	16,445	16,789	17,191	17,965	18,185
Finance Payments	271	340	313	442	470	490	451	492	523	465	396	316
Net Cash provided by (or used in) Operating Activities	9,577	8,853	7,319	8,031	7,253	8,867	5,980	12,624	7,965	8,547	8,084	8,892
CASH FLOWS FROM INVESTING ACTIVITIES												
<i>Receipts</i>												
Grants Specifically for new or upgraded assets	595	334	-	-	2,500	-	1,750	-	-	750	750	750
Sale of replaced Assets	203	217	155	115	274	216	199	40	323	301	184	66
Sale of surplus Assets	-	172	-	200	200	200	200	200	200	200	200	200
Repayments of Loans Community Groups	8	8	8	8	8	8	8	8	8	8	8	8
<i>Payments</i>												
Expenditure on renewal/replaced assets	6,282	5,837	6,996	6,244	7,231	6,536	8,914	14,454	6,644	6,376	5,863	6,446
Expenditure on new/upgraded assets	10,265	5,691	2,248	1,275	5,452	1,732	365	435	615	2,232	1,865	1,932
Net cash provided by (used in) Investing Activities	(15,741)	(10,797)	(9,081)	(7,196)	(9,701)	(7,844)	(7,123)	(14,641)	(6,729)	(7,349)	(6,586)	(7,355)
CASH FLOWS FROM FINANCING ACTIVITIES												
<i>Receipts</i>												
Proceeds from Borrowings	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from Cash Advanced Debenture	1,856	1,820	1,220	-	6,000	2,500	4,000	5,500	2,500	2,000	1,500	1,500
<i>Payments</i>												
Repayment of Borrowings	388	209	222	222	249	263	279	295	312	331	-	-
Repayment of Cash Advanced Debenture	-	96	45	500	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,500
Repayment of Bonds and Deposits	46	-	-	-	-	-	-	-	-	-	-	-
Net Cash Provided by (Used in) Financing Activities	1,422	1,515	953	(722)	2,751	(763)	721	2,205	(812)	(1,331)	(1,500)	(2,000)
Net Increase / Decrease in Cash	(4,742)	(429)	(809)	113	303	260	(422)	188	424	(133)	(2)	(463)
Cash and Cash Equivalents at start of reporting period	6,037	1,295	866	57	170	473	733	311	499	924	791	788
Cash & Cash Equivalents at the end of the reporting period	1,295	866	57	170	473	733	311	499	924	791	788	326

Statement of Equity

STATEMENT OF EQUITY	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
ACCUMULATED SURPLUS												
Balance at end of previous reporting period	58,497	59,291	60,910	60,119	60,120	61,770	62,420	61,723	66,059	65,867	66,936	67,525
Net Result for Year	1,086	1,449	(426)	47	1,709	800	(345)	4,540	(133)	1,164	670	1,446
Transfer to & from Reserves	(292)	170	(365)	(46)	(59)	(151)	(351)	(204)	(59)	(95)	(81)	(52)
Balance at end of period	59,291	60,910	60,119	60,120	61,770	62,420	61,723	66,059	65,867	66,936	67,525	68,918
ASSET REVALUATION RESERVE												
Balance at end of previous reporting period	195,062	234,629	234,629	234,629	234,629	236,629	237,629	238,129	238,129	240,129	241,129	241,629
Gain on Revaluation of Property Plant & Equipment	39,567	-	-	-	2,000	1,000	500	-	2,000	1,000	500	-
Balance at end of period	234,629	234,629	234,629	234,629	236,629	237,629	238,129	238,129	240,129	241,129	241,629	241,629
OTHER RESERVES												
Balance at end of previous reporting period	3,049	3,341	3,171	3,536	3,582	3,641	3,793	4,144	4,348	4,407	4,502	4,583
Transfers to / from Accumulated Surplus	292	(170)	365	46	59	151	351	204	59	95	81	52
Balance at end of period	3,341	3,171	3,536	3,582	3,641	3,793	4,144	4,348	4,407	4,502	4,583	4,636
TOTAL EQUITY AT END OF REPORTING PERIOD	297,261	298,710	298,285	298,331	302,041	303,841	303,996	308,536	310,403	312,567	313,737	315,183

All correspondence to:
PO Box 27 Millicent SA 5280
Email council@wattlerange.sa.gov.au
Website www.wattlerange.sa.gov.au